

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF THE)
FUEL ADJUSTMENT CLAUSE OF DUKE ENERGY) CASE NO. 2010-00494
KENTUCKY, INC. FROM NOVEMBER 1, 2008)
THROUGH OCTOBER 31, 2010)

O R D E R

Pursuant to 807 KAR 5:056, the Commission, on January 26, 2011, established this case to review and evaluate the operation of the Fuel Adjustment Clause ("FAC") of Duke Energy Kentucky, Inc. ("Duke Kentucky") for the period from November 1, 2008 through October 31, 2010, and to determine the amount of fuel costs that should be transferred (rolled-in) to its base rates to re-establish its FAC factor.

In establishing this review, the Commission ordered Duke Kentucky to submit certain information concerning its fuel procurement, fuel usage, and the operation of its FAC. Duke Kentucky submitted this information on February 14, 2011 and filed responses to a second data request on March 7, 2011.

On March 17, 2011, Duke Kentucky filed an affidavit indicating that notice of the hearing had been published in its service territory in the *Kentucky Enquirer* and at Cincinnati.com. Duke Kentucky's service territory includes Boone, Campbell, Grant, Kenton, and Pendleton Counties. A public hearing was held on March 22, 2011.

On April 5, 2011, Duke Kentucky filed a post-hearing data response to a question asked at the hearing and a brief in support of its publication of notice, in addition to a motion for waiver from the publication requirements of KRS 424.120.

On April 21, 2011, Duke Kentucky filed a response to a third data request. On April 29, 2011, the Commission issued an Order finding that the *Kentucky Enquirer* qualifies under KRS 424.120(1)(a) as a newspaper published in the Kenton County publication area, but that it does not qualify under that provision as a newspaper published in the publication areas of Boone, Campbell, Grant, and Pendleton Counties. The Order denied Duke Kentucky's Motion for a Waiver from the publication requirements and scheduled an additional public hearing on May 23, 2011 to provide Duke Kentucky's customers in Boone, Campbell, Grant, and Pendleton Counties an opportunity to provide comments on the fuel adjustment clause issues in this case. The Order further stated that if no interested customer notified the Commission in writing of their intent to attend the hearing by May 19, 2011, the hearing would be cancelled.

No interested customer notified the Commission in writing of their intent to attend the May 23, 2011 hearing and the hearing was cancelled. There are no intervenors in this case.

Duke Kentucky proposed that the month of March 2010 be used by the Commission as the base period (test month) for the purpose of arriving at the base fuel cost and the kWh sales components of its FAC. It further proposed that its base fuel cost be changed to 25.747 mills per kWh, the fuel cost for the proposed base period. Duke Kentucky's current base fuel cost is 33.76 mills per kWh.

In establishing the appropriate level of base fuel cost to be included in Duke Kentucky's rates, the Commission must determine whether the proposed base period cost per kWh is representative of the level of fuel cost currently being experienced by Duke Kentucky. The Commission's review of generation mix, generation unit outages, and

generation unit availability discloses that the month of March 2010 is a reasonably representative generation month of Duke Kentucky. The analysis of Duke Kentucky's monthly fuel clause filings showed that the actual fuel cost incurred for the 2-year review period ranged from a low of 22.075 mills per kWh in October 2010 to a high of 32.937 mills per kWh in November 2008, with an average cost for the period of 27.19 mills per kWh. Based upon this review, the Commission finds that Duke Kentucky has complied with 807 KAR 5:056 and that the proposed base period fuel cost of 25.747 mills per kWh should be approved.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. During the period under review, Duke Kentucky has complied with the provisions of 807 KAR 5:056.
2. The test month of March 2010 should be used as Duke Kentucky's base period for this review.
3. Duke Kentucky's proposed base period fuel cost of 25.747 mills per kWh should be approved.
4. The establishment of a base fuel cost of 25.747 mills per kWh requires a transfer (roll-in) of a negative 8.013 mills per kWh of fuel costs to Duke Kentucky's current base rates that were being credited to customers through its FAC.
5. The rates in the Appendix to this Order are designed to reflect the transfer (roll-in) of a negative 8.013 mills per kWh to base rates, which is the differential between the old base fuel cost of 33.76 mills per kWh and the new base fuel cost of 25.747 mills per kWh.

6. The rates in the Appendix to this Order are fair, just, and reasonable and should be approved effective with Duke Kentucky's first billing cycle for July 2011.

7. Beginning with the expense month for July 2011, Duke Kentucky should use an FAC rate based upon a base fuel cost of 25.747 mills per kWh.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Duke Kentucky through the FAC for the period from November 1, 2008 through October 31, 2010 are approved.

2. Duke Kentucky's proposed base fuel cost of 25.747 mills per kWh is approved.

3. Duke Kentucky shall transfer (roll-in) a negative 8.013 mills per kWh of fuel costs to its current base rates that were being credited to customers through its FAC.

4. The rates in the Appendix to this Order are approved effective with Duke Kentucky's first billing cycle for July 2011.

5. Beginning with the expense month for July 2011, Duke Kentucky shall use an FAC rate based upon a base fuel cost of 25.747 mills per kWh.

6. Within 20 days of the date of this Order, Duke Kentucky shall file its revised tariff sheets with the Commission setting out the rates approved herein.

By the Commission

ATTEST:


Executive Director

ENTERED (14)
MAY 31 2011
KENTUCKY PUBLIC
SERVICE COMMISSION

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2010-00494 DATED MAY 31 2011

The following rates and charges are prescribed for the customers in the area served by Duke Energy Kentucky, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

SCHEDULE RS
RESIDENTIAL SERVICE

Energy Charge per kWh:
All kWh per month \$.077366

SCHEDULE DS
SERVICE AT SECONDARY DISTRIBUTION VOLTAGE

Energy Charge per kWh:
First 6,000 kWh \$.083555
Next 300 kWh/kW \$.052029
Additional kWh \$.042953

SCHEDULE DT
TIME-OF-DAY RATE FOR SERVICE AT DISTRIBUTION VOLTAGE

Energy Charge per kWh:
Summer on-peak \$.046105
Winter on-peak \$.044105
Off-peak \$.038105

SCHEDULE DT
TIME-OF-DAY RATE FOR SERVICE AT DISTRIBUTION VOLTAGE
LOW LOAD FACTOR

Energy Charge per kWh:
Summer on-peak \$.048767
Winter on-peak \$.046767
Off-peak \$.040767

SCHEDULE EH
ELECTRIC SPACE HEATING

Energy Charge per kWh:
All kWh per month \$.063434

SCHEDULE SP
SEASONAL SPORTS SERVICE

Energy Charge per kWh:
All kWh per month \$.102508

SCHEDULE GS-FL
UNMETERED GENERAL SERVICE FOR SMALL FIXED LOADS

Energy Charge per kWh:
Load range of 540 to 720 hours per month \$.082633
Loads less than 540 hours per month \$.094857

SCHEDULE DP
SERVICE AT PRIMARY DISTRIBUTION VOLTAGE

Energy Charge per kWh:
First 300 kWh/kW \$.052978
Additional kWh \$.045108

SCHEDULE TT
TIME-OF-DAY RATE FOR SERVICE AT TRANSMISSION VOLTAGE

Energy Charge per kWh:
All kWh per month \$.044558

SCHEDULE TL
TRAFFIC LIGHTING SERVICE

Energy Charge per kWh:
Energy only \$.039976
Energy w/maintenance \$.061055

SCHEDULE UOLS
UNMETERED OUTDOOR LIGHTING SERVICE

Energy Charge per kWh:
All kWh per month \$.039391

SCHEDULE SL
STREET LIGHTING SERVICE

Rate per Light per Month: (Lumens Approximate)

Standard Fixture (Cobra Head) Served Overhead

Mercury Vapor:

7,000 Lumens	\$ 7.23
7,000 Lumens - Open Refractor	\$ 6.08
10,000 Lumens	\$ 8.40
21,000 Lumens	\$ 11.28

Metal Halide:

14,000 Lumens	\$ 7.23
20,500 Lumens	\$ 8.40
36,000 Lumens	\$ 11.28

Sodium Vapor:

9,500 Lumens	\$ 7.94
9,500 Lumens – Open Refractor	\$ 5.98
16,000 Lumens	\$ 8.70
22,000 Lumens	\$ 11.28
27,500 Lumens	\$ 11.28
50,000 Lumens	\$ 15.26

Sodium Vapor Decorative Fixtures:

9,500 Lumens - Rectilinear	\$ 9.85
22,000 Lumens - Rectilinear	\$ 12.26
50,000 Lumens - Rectilinear	\$ 16.31
50,000 Lumens - Setback	\$ 24.10

Standard Fixture (Cobra Head) Served Underground

Mercury Vapor:

7,000 Lumens	\$ 7.38
7,000 Lumens - Open Refractor	\$ 6.08
10,000 Lumens	\$ 8.55
21,000 Lumens	\$ 11.55

Metal Halide:

14,000 Lumens	\$ 7.38
20,500 Lumens	\$ 8.55
36,000 Lumens	\$ 11.55

Sodium Vapor:	
9,500 Lumens	\$ 7.94
9,500 Lumens – Open Refractor	\$ 6.06
16,000 Lumens	\$ 8.67
22,000 Lumens	\$ 11.28
50,000 Lumens	\$ 15.26

Decorative Fixture (Cobra Head) Served Underground:

Mercury Vapor:	
7,000 Lumens - Town & Country	\$ 7.62
7,000 Lumens - Holophane	\$ 9.54
7,000 Lumens - Gas Replica	\$ 21.62
7,000 Lumens - Granville	\$ 7.70
7,000 Lumens - Aspen	\$ 13.75

Metal Halide:	
14,000 Lumens - Traditionaire	\$ 7.62
14,000 Lumens - Granville Acorn	\$ 13.75
14,000 Lumens - Gas Replica	\$ 21.71

Sodium Vapor:	
9,500 Lumens - Town & Country	\$ 11.00
9,500 Lumens - Holophane	\$ 11.92
9,500 Lumens - Rectilinear	\$ 8.90
9,500 Lumens - Gas Replica	\$ 22.34
9,500 Lumens - Apsen	\$ 13.87
9,500 Lumens - Traditionaire	\$ 11.00
9,500 Lumens - Granville Acorn	\$ 13.87
22,000 Lumens - Rectilinear	\$ 12.32
50,000 Lumens - Rectilinear	\$ 16.37
50,000 Lumens - Setback	\$ 24.10

SCHEDULE OL
OUTDOOR LIGHTING SERVICE

Rate per Light per Month: (Lumens Approximate)

Standard Fixture (Cobra Head):

Mercury Vapor:	
7,000 Lumens - Open Refractor	\$ 8.87
7,000 Lumens	\$ 11.31
10,000 Lumens	\$ 13.23
21,000 Lumens	\$ 17.05

Metal Halide:	
14,000 Lumens	\$ 11.31
20,500 Lumens	\$ 13.25
36,000 Lumens	\$ 17.05
Sodium Vapor:	
9,500 Lumens - Open Refractor	\$ 7.75
9,500 Lumens	\$ 10.06
16,000 Lumens	\$ 11.39
22,000 Lumens	\$ 12.62
27,500 Lumens	\$ 12.62
50,000 Lumens	\$ 14.84

Decorative Fixture:

Mercury Vapor:	
7,000 Lumens - Town & Country	\$ 13.52
7,000 Lumens - Holophane	\$ 17.38
7,000 Lumens - Gas Replica	\$ 41.80
7,000 Lumens - Aspen	\$ 25.91
Sodium Vapor:	
9,500 Lumens - Town & Country	\$ 21.17
9,500 Lumens - Holophane	\$ 22.94
9,500 Lumens - Rectilinear	\$ 18.86
9,500 Lumens - Gas Replica	\$ 44.02
9,500 Lumens - Apsen	\$ 26.71
9,500 Lumens - Traditionaire	\$ 21.17
9,500 Lumens - Granville Acorn	\$ 26.71
22,000 Lumens - Rectilinear	\$ 22.54
50,000 Lumens - Rectilinear	\$ 28.69
50,000 Lumens - Setback	\$ 44.46

Flood Lighting Served Overhead:

Mercury Vapor:	
21,000 Lumens	\$ 17.06
Metal Halide:	
20,500 Lumens	\$ 13.23
36,000 Lumens	\$ 17.06
Sodium Vapor:	
22,000 Lumens	\$ 12.55
30,000 Lumens	\$ 12.55
50,000 Lumens	\$ 15.67

SCHEDULE NSU
STREET LIGHTING SERVICE - NON-STANDARD UNITS

Rate per Light per Month: (Lumens Approximate)

Boulevard Units Served Underground:

2,500 Lumens - Incandescent Series	\$ 9.32
2,500 Lumens - Incandescent Multiple	\$ 7.29

Holophane Decorative Served Underground:

Mercury Vapor: 10,000 Lumens	\$ 16.98
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Street Lighting Served Overhead:

2,500 Lumens - Incandescent	\$ 7.23
2,500 Lumens - Mercury Vapor	\$ 6.79
21,000 Lumens - Mercury Vapor	\$ 10.96

Steel Boulevard Units Served Underground:

2,500 Lumens - Incandescent Series	\$ 5.54
2,500 Lumens - Incandescent Multiple	\$ 7.05

SCHEDULE NSP
PRIVATE OUTDOOR LIGHTING SERVICE - NON-STANDARD UNITS

Rate per Light per Month: (Lumens Approximate)

Private Outdoor Lighting Served Overhead:

2,500 Lumens - Mercury, Open Refractor	\$ 7.87
2,500 Lumens - Mercury, Enclosed Refractor	\$ 10.74

Outdoor Lighting Served Underground:

7,000 Lumens - Mercury, 17 Ft Fiberglass Pole	\$ 14.68
7,000 Lumens - Mercury, 17 Ft Wood Lam Pole	\$ 14.68
7,000 Lumens - Mercury, 30 Ft Wood Pole	\$ 13.58
9,500 Lumens - Sodium Vapor, TC 100 R	\$ 11.29

Flood Lighting Served Overhead:

52,000 Lumens - Mercury 35 Ft Wood Pole	\$ 29.28
52,000 Lumens - Mercury 50 Ft Wood Pole	\$ 32.89
50,000 Lumens - Sodium Vapor	\$ 20.10

SCHEDULE SC
STREET LIGHTING SERVICE – CUSTOMER OWNED

Rate per Light per Month: (Lumens Approximate)

Standard Fixture (Cobra Head) Served Overhead:

Mercury Vapor:

7,000 Lumens	\$	4.31
10,000 Lumens	\$	5.52
21,000 Lumens	\$	7.69

Metal Halide:

14,000 Lumens	\$	4.31
20,500 Lumens	\$	5.52
36,000 Lumens	\$	7.69

Sodium Vapor:

9,500 Lumens	\$	5.11
16,000 Lumens	\$	5.74
22,000 Lumens	\$	6.32
27,500 Lumens	\$	6.32
50,000 Lumens	\$	8.58

Decorative Fixture Served Overhead:

Mercury Vapor:

7,000 Lumens - Holophane	\$	5.46
7,000 Lumens - Town & Country	\$	5.41
7,000 Lumens - Gas Replica	\$	5.46
7,000 Lumens - Aspen	\$	5.46

Metal Halide:

14,000 Lumens - Traditionaire	\$	5.41
14,000 Lumens - Granville Acorn	\$	5.46
14,000 Lumens - Gas Replica	\$	5.46

Sodium Vapor:

9,500 Lumens - Town & Country	\$	5.03
9,500 Lumens - Traditionaire	\$	5.03
9,500 Lumens - Granville Acorn	\$	5.26
9,500 Lumens - Rectilinear	\$	5.03
9,500 Lumens - Apsen	\$	5.26
9,500 Lumens - Holophane	\$	5.26
9,500 Lumens - Gas Replica	\$	5.26

22,000 Lumens - Rectilinear	\$ 6.71
50,000 Lumens - Rectilinear	\$ 8.96

SCHEDULE SE
STREET LIGHTING SERVICE – OVERHEAD EQUIVALENT

Decorative Fixtures:

Mercury Vapor:

7,000 Lumens - Town & Country	\$ 7.42
7,000 Lumens - Holophane	\$ 7.46
7,000 Lumens - Gas Replica	\$ 7.46
7,000 Lumens - Aspen	\$ 7.46

Metal Halide:

14,000 Lumens - Traditionaire	\$ 7.42
14,000 Lumens - Granville Acorn	\$ 7.46
14,000 Lumens - Gas Replica	\$ 7.46

Sodium Vapor:

9,500 Lumens - Town & Country	\$ 8.03
9,500 Lumens - Holophane	\$ 8.13
9,500 Lumens - Rectilinear	\$ 8.03
9,500 Lumens - Gas Replica	\$ 8.12
9,500 Lumens - Apsen	\$ 8.12
9,500 Lumens - Traditionaire	\$ 8.03
9,500 Lumens - Granville Acorn	\$ 8.12
22,000 Lumens - Rectilinear	\$ 11.58
50,000 Lumens - Rectilinear	\$ 15.42
50,000 Lumens - Setback	\$ 15.42

Rocco D'Ascenzo
Senior Counsel
Duke Energy Kentucky, Inc.
139 East 4th Street, R. 25 At II
P. O. Box 960
Cincinnati, OH 45201